

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Nora Mead Brownell, and Suedeenn G. Kelly.

Trans Bay Cable LLC

Docket No. ER05-985-001

ORDER GRANTING CLARIFICATION

(Issued January 18, 2006)

1. On July 27, 2005, Trans Bay Cable LLC (Trans Bay) filed a motion for clarification of the Commission's July 22 Order.<sup>1</sup> In its motion, Trans Bay requests that it be allowed to accrue an Allowance for Funds Used During Construction (AFUDC) in its transmission revenue requirement. As discussed below, we will grant Trans Bay's motion.

**Background**

2. On May 19, 2005, Trans Bay filed with the Commission, pursuant to section 205 of the Federal Power Act and Part 35 of the Commission's regulations, an Operating Memorandum among Trans Bay, the City of Pittsburg, California, and Pittsburg Power Company (May 19 Filing). The Operating Memorandum sets forth the rate principles and responsibilities pursuant to which the parties to the Operating Memorandum will pursue the development, financing, construction and operation of the project. The July 22 Order accepted the Operating Memorandum.

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<sup>1</sup> *Trans Bay Cable*, 112 FERC ¶ 61,095 (2005) (July 22 Order).

**Motion for Clarification**

3. Trans Bay requests clarification of the following statement from the July 22 Order:

In addition, unlike an investor-owned utility, Trans Bay will not be accruing an Allowance for Funds Used During Construction (AFUDC).<sup>2</sup>

Trans Bay argues that the Commission, in the July 22 Order, mischaracterized its commitment with regard to AFUDC. Trans Bay states that its commitment was limited to not seeking recovery of AFUDC prior to construction. Trans Bay explains that capitalized interest during the construction phase of the project will constitute a significant component in Trans Bay's overall cost of service. Trans Bay states that its financial model has always assumed that capitalized interest during construction will be recoverable through the revenue requirement.

**Discussion**

4. The Commission will grant Trans Bay's request for clarification. The Commission's statement in the July 22 Order was merely intended to accept Trans Bay's limited commitment, as stated in the May 19 Filing.

**The Commission orders:**

Trans Bay's motion for clarification is hereby granted, as discussed in the body of this order.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.

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<sup>2</sup> July 22 Order at P 25.